



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: January 3, 2007 REPORT NO: 07-008

ATTENTION: Council President and City Council
Docket of January 9, 2007

SUBJECT: Lease Agreement

REFERENCE: Flat Rate Lease between the City of San Diego and San Diego Chapter 14 Experimental Aircraft Association filed with the Office of the City Clerk on September 29, 1992, as Document No. RR-280754

REQUESTED ACTION:

Authorize a 10-year Lease Agreement with Experimental Aircraft Association, Chapter 14, Inc., a California nonprofit corporation. The lease includes one 5-year option to extend and one option to increase the size of the premises as set forth in the legal description of the option parcel.

STAFF RECOMMENDATION:

Staff recommends approval of the Lease Agreement.

SUMMARY:

The Experimental Aircraft Association, Chapter 14, Inc. ("EAA") has operated as a nonprofit organization at Brown Field Airport since 1981 and is dedicated to the education of its members in the aeronautical sciences and engineering; the introduction and education of young people in flying and aircraft building; the promotion of general aviation and safety; and in outreach to the San Diego community. EAA also publishes and distributes an award-winning monthly newsletter called *The Spirit of Flight*.

As part of its dedication to the promotion of aviation, EAA holds an open house for all members of the community and the flying public each Saturday. In addition, EAA gives free ground instruction and airplane rides to children one Saturday each month. Through its Young Eagles program, EAA has given flights to nearly 4,000 boys and girls over the past ten years.

The request to waive Council Policy 700-41 regarding the RFP process is based on EAA's current occupation of the site, and long history of being a tenant in good standing. EAA's current lease expired in 2002, and it is presently on holdover status. The lease agreement under consideration increases EAA's leasehold from 1.150 acres to 2.3244 acres and requires EAA to develop hangars and tie-down areas, refurbish the existing hangars and construct improved restroom facilities. The future option area will allow EAA to expand their facility if the membership in the organization continues to increase and additional land is needed. The initial annual rent of \$18,684 was determined by staff appraisal. Current annual rent is \$8,940.

FISCAL CONSIDERATIONS:

The initial annual rent of \$18,684 will be deposited into Airports Enterprise Fund No. 41100, Revenue Account No. 75521. The rent is subject to adjustments every two years based on increases, if any, in the Consumer Price Index. EAA, even though it is a nonprofit organization, will be paying the current market rate for its leasehold.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

There have not been any previous Council or committee hearings related to this subject.

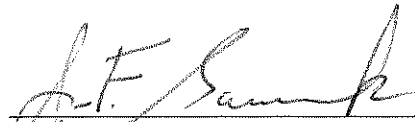
COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The Airport Advisory Committee expressed unanimous support for a lease between the City and EAA in its meeting of November 8, 2005.

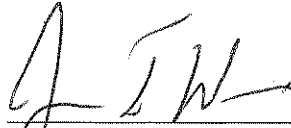
KEY STAKEHOLDERS AND PROJECTED IMPACTS:

The only key stakeholder in this transaction is EAA. This lease will not have any impact on any other constituencies.

Respectfully Submitted,



James F. Barwick
Real Estate Assets Director



James T. Waring
Deputy Chief of Land Use and Economic
Development

BARWICK/MCT/CPA